PROVINCE OF BRITISH COLUMBIA

Fiftieth Annual Report

of the Business Done in Pursuance of the

Pension (Teachers) Act

YEAR ENDED DECEMBER 31

1990

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The Honourable DAVID C. LAM,
Lieutenant-Governor of the Province of British Columbia

MAY IT PLEASE YOUR HONOUR:

The undersigned respectfully submits the Report of the business done in pursuance of the *Pension (Teachers) Act* during the fiscal year ended December 31, 1990.

LOIS BOONE
Minister of Government Services

Office of the Minister of
Government Services
Victoria, British Columbia
December 2, 1991

The Honourable Lois Boone
Minister of Government Services
Victoria, British Columbia

Madam:

I have the honour to lay before you the Report of the business done in pursuance of the *Pension (Teachers) Act* during the fiscal year ended December 31, 1990.

Respectfully submitted,

JOHN W. COOK
Commissioner of Teachers' Pensions

December 2, 1991

PENSION (TEACHERS) ACT

ANNUAL REPORT

Report of the business done in pursuance of the *Pension (Teachers) Act* during the fiscal year ended December 31, 1990

Section 4 — Inflation adjustment supplements totalling $37,850,810 (1989 — $32,227,909) paid during the year were charged to the Pension Account. These allowances are adjusted each January 1st and are related to the annual increase in the Consumer Price Index as at each previous September 30th, but may be limited by the availability of funds in the Inflation Adjustment Account to provide the capitalized value of the increases.

Sections 6 and 7 — Contributions received from teachers totalled $94,214,588 (1989 — $87,130,251) made up as follows:

	$
Basic contributions	78,628,017
Inflation adjustment contributions	14,380,938
Reinstatement	858,939
Contributions for approved periods of leave of absence	346,694

As at December 31, 1990 there were 50,371 teachers with contributory credits in the Fund, made up as follows:

Current members	
Teachers employed by school districts	36,651
Teachers employed other than by school districts	284
Inactive members	
Teachers out of service	12,246
Teachers with deferred vested pension rights	1,190

Section 8 — Prior to July 1, 1990, the Province of British Columbia through the Ministry of Education was billed for the employers' contributions in respect of members employed by School Districts. Effective July 1, 1990, school districts paid the employer contributions directly to the Teachers' Pensions Fund. Employer contributions received from the Province of British Columbia were $73,260,912 (1989 — $120,590,086) and from School Districts were $59,181,119 (1989 — $357,258). These contributions were made in respect of basic, inflation adjustment and recognition of service contributions.

Reimbursement to employers of Canada Pension Plan employer contributions paid by them in respect of employees to whom the Pension (Teachers) Act applies amounting to $15,982,716 (1989 — $16,858,721) were paid by the Minister of Finance and Corporate Relations.

Contributions received from the Minister of Finance and Corporate Relations and the British Columbia Teachers' Federation amounted to $9,137,408 (1989 — $11,737,000), in respect of the Teachers' Early Retirement Plan.

Sections 11, 12, 15 and 16 (1) — Superannuation allowances were granted in respect of 370 teachers as follows:

Normal retirement age	266
Total and permanent disability	32
Death in service	23
Deferred	49

For analysis and comparative statistics see Schedules 4, 5 and 6 appended.

Section 11 (2), (10) and 12 (1) — Transfers totalling $2,192,784 (1989 — $1,152,927) were received from 8 approved and reciprocal pension plans in respect of 58 contributors upon grant of allowance and in respect of 32 teachers following transfer of service as follows:

Upon Grant of Allowance		$
Province of Saskatchewan Teachers' Pensions Fund	20	280,484
Province of Alberta Teachers' Pensions Fund	22	329,021
Province of Ontario Teachers' Superannuation Fund	14	252,840
Province of Manitoba Teachers' Superannuation Fund	1	41,743
Province of New Brunswick	1	38,781
During Service		
Province of Quebec Teachers' Superannuation Fund	13	838,159
Government of Canada Public Service Pension Account	17	410,432
Municipal Superannuation Plan	2	1,324

Section 11 (2), (10) and 12 (1) — Transfers totalling $460,956 (1989 — $866,611) were made to 5 approved and reciprocal pension plans in respect of 9 contributors upon grant of allowance and in respect of 13 contributors following transfer of service as follows:

Upon Grant of Allowance		$
Province of Alberta Teachers' Pensions Fund	4	26,332
Province of Ontario Teachers' Superannuation Fund	2	92,099
Province of Saskatchewan Teachers' Pensions Fund	3	131,382
During Service		
Government of Canada Public Service Pension Account	6	151,059
Province of Quebec Teachers' Superannuation Fund	7	60,084

Section 14 (4) and (5) — The matching portion of medical premiums deducted from eligible recipients of a superannuation allowance amounting to $1,835,947 (1989 — $1,719,749) was paid by the Minister of Finance and Corporate Relations.

Sections 16 (5) and 17 — Refunds were granted in respect of 579 teachers and totalled $5,045,884 (1989 — $4,676,792) made up as follows:

		$
Resignations	494	4,515,450
Death in service	24	430,202
Excess contributions on grant of allowance	22	38,884
Miscellaneous	39	61,348

For analysis and comparative statistics see Schedules 4 and 5 appended.

Section 21 — Actuarial and administrative expenses paid from the Fund amounted to $1,740,564 (1989 — $1,496,138). Investment management service fees amounting to $681,890 (1989 — $630,903) were paid to the Provincial Treasury for investment management services which includes the safekeeping of securities.

Section 26 — As at December 31, 1990, the market value of government bonds and debentures was $1,679,300,210 (1989 — $1,865,248,899) and the market value of equities was $477,663,459 (1989 — nil). Schedule 1 shows the year end holdings and Schedule 2 shows the transactions for the year.

The average rate of return of government bonds and debentures purchased during the year was 11.091%. The net earned rate of the Fund was 10.331%.

An Investment Advisory Committee, consisting of the Commissioner of Teachers' Pensions and the Director, Finance, Superannuation Commission, together with representatives from the Ministry of Finance and Corporate Relations and the B.C. Teachers' Federation, meets on a quarterly basis during the year and sets guidelines and policy under which investments may be purchased and sold.

In late 1989, the trustee, after consultation with interested parties recommended to and obtained approval from the Minister of Finance and Corporate Relations to diversify the investments of the Teachers' Pensions Fund. The Lieutenant Governor in Council enacted a regulation pursuant to Section 36 (6) of the *Financial Administration Act* to permit investment diversification of the Fund. The investment of the Fund was set out as follows:

Money market securities
- not to exceed 40% of the book value of the Fund

Government and Canadian corporate bonds and debentures
- not to exceed 50% of the book value of the Fund

Equities
- not to exceed 50% of the book value of the Fund

Canadian income-producing real estate
- not to exceed 10% of the book value of the Fund

Canadian mortgages
- not to exceed 10% of the book value of the Fund

All non-Canadian investments
- not to exceed 10% of the book value of the Fund

The decision on asset mix was based on the results of an independent study and chosen to increase the benefits of investment diversification. Periodic reviews are to be undertaken and, as a result, the percentages of the investments held in each class may vary in the future.

As at December 31, 1990, money market instruments were at 31%, government bonds and debentures were at 54% and equities were at 15% of the Fund.

The Superannuation Commission is responsible for cash management and advises the Provincial Treasury of funds available for investment.

Section 29 — An actuarial valuation of the assets and liabilities of the Fund is required to be made by an actuary from time to time at intervals of not more than five years.

The most recent valuation indicated an unfunded liability in respect of basic pension benefits of approximately $1,605,045,000 as of December 31, 1987. This represents an increase of $212,929,000 since December 31, 1984 and arose mainly from interest charges on the unfunded liability. The actuary stated that he did not see the increase in the unfunded liability as a threat to the continued payment of pensions to current and prospective pensioners.

Section 37 — During the year the Teachers' Pensions Board held 2 meetings at which it dealt with 45 cases in accordance with Board policies. Applications considered related to disability allowances, appeals under Paragraph 12, B.C. Regulation 90/80 to contribute for a period of leave of absence and requests for exemption from contribution to the Plan.

John W. Cook, F.C.I.A.
Commissioner of Teachers' Pensions

Legislative Assembly
Province of British Columbia

AUDITOR GENERAL

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AUDITOR'S REPORT

To the Superannuation Commissioner, and

To the Minister of Women's Programs and Government Services and Minister Responsible for Families, Province of British Columbia:

I have audited the statement of financial position of the Teachers' Pensions Fund as at December 31, 1990 and the statement of changes in fund balance for the year then ended. These financial statements are the responsibility of the Superannuation Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 1990 and the changes in the fund balance for the year then ended in accordance with the accounting principles described in note 2 to the financial statements.

GEORGE L. MORFITT, F.C.A.
Auditor General

Victoria, British Columbia
September 10, 1991

Province of British Columbia

OFFICE OF THE COMMISSIONER

Superannuation Commission

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TEACHERS' PENSIONS FUND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of the Superannuation Commission is responsible for the preparation, integrity and objectivity of the Teachers' Pensions Fund's financial statements in accordance with the accounting principles described in note 2 to the financial statements, and for the financial information included in the Annual Report.

The Superannuation Commission maintains the necessary systems of internal control to provide assurance that transactions are authorized, assets are safeguarded and that proper corporate and plan member records are maintained.

The Teachers' Pensions Fund's financial statements have been examined by the Office of the Auditor General of British Columbia. Their examination was made in accordance with generally accepted auditing standards which included a review of the Superannuation Commission's internal controls to establish a basis for determining the nature, timing, and extent of audit tests to be applied. Their report outlines the nature of their examination and their opinion on the financial statements of the Teachers' Pensions Fund.

JOHN W. COOK, F.C.I.A.,
Trustee, Commissioner of Teachers' Pensions

VICTOR BARWIN, C.A.,
Director, Finance, Superannuation Commission

TEACHERS' PENSIONS FUND

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 1990

	1990 ($ Thousands)	1989
ASSETS	$	$
Cash	577	1,277
Contributions receivable	29,649	30,181
Accrued interest	39,066	43,479
Investments (Notes 3 and 4)	3,154,278	2,756,645
	3,223,570	2,831,582
LIABILITIES		
Accounts payable and accrued liabilities	3,946	3,084
Due to brokers	36,717	—
	40,663	3,084
FUND BALANCE		
Basic Account	2,827,971	2,520,020
Inflation Adjustment Account	354,936	308,478
	3,182,907	2,828,498
	3,223,570	2,831,582

The nine accompanying notes are an integral part of these financial statements.

Approved by:
JOHN W. COOK, F.C.I.A.,
Commissioner of Teachers' Pensions, Trustee

VICTOR BARWIN, C.A.,
Director, Finance, Superannuation Commission

TEACHERS' PENSIONS FUND

STATEMENT OF CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 1990

	Basic Account	Inflation Adjustment Account	Totals 1990	Totals 1989
FUND BALANCE INCREASED BY		($ Thousands)		
Members' contributions				
Current	78,628	14,381	93,009	85,512
Reinstatement	859	—	859	1,159
Leave of absence	300	47	347	459
	79,787	14,428	94,215	87,130
Employers' contributions				
Province of British Columbia on behalf of school districts				
Current	64,898	8,363	73,261	120,590
Early Retirement Plan (Note 6)	7,364	1,773	9,137	11,737
School districts				
Current	53,096	6,085	59,181	357
Early Retirement Plan (Note 6)	—	—	—	84
	125,358	16,221	141,579	132,768
Transfers from other funds	1,944	249	2,193	1,153
Investments				
Income (Note 5)	271,715	27,371	299,086	274,462
Unrealized appreciation (depreciation) during the year	(16,796)	2,393	(14,403)	26,212
	254,919	29,764	284,683	300,674
TOTAL INCREASE	462,008	60,662	522,670	521,725
FUND BALANCE DECREASED BY				
Superannuation allowance payments				
Contributory	122,481	—	122,481	113,936
Inflation adjustment supplements	37,851	—	37,851	32,228
	160,332	—	160,332	146,164
Refunds	4,458	588	5,046	4,677
Transfers to other funds	415	45	460	866
Administration and actuarial fees	1,741	—	1,741	1,496
Investment management fees	622	60	682	631
TOTAL DECREASE	167,568	693	168,261	153,834
NET INCREASE BEFORE TRANSFERS	294,440	59,969	354,409	367,891
ACCOUNT TRANSFERS (Note 7)	13,511	(13,511)	—	—
NET INCREASE IN FUND BALANCE	307,951	46,458	354,409	367,891
FUND BALANCE AT BEGINNING OF YEAR	2,520,020	308,478	2,828,498	2,460,607
FUND BALANCE AT END OF YEAR	2,827,971	354,936	3,182,907	2,828,498

TEACHERS' PENSIONS FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1990

1. DESCRIPTION OF THE TEACHERS' PENSION PLAN

The following brief description of the plan is provided for general information only. For more complete information about the plan, reference should be made to the *Pension (Teachers) Act*.

(a) General

The plan is a defined benefit pension plan open to all certified teachers and to superintendents or assistant superintendents appointed by a board of school trustees in the British Columbia public school system.

(b) Contributions

Members contribute to the Basic Account 5.0% of pensionable salary up to the Canada Pension Plan's Year's Maximum Pensionable Earnings and 6.5% pensionable salary above that. The employers' contributory rates are 7.7% and 9.2% respectively. Members and employers also each contribute 1% of pensionable salary to the Inflation Adjustment Account which was created in 1980 to provide for the payment of inflation adjustment supplements. Prior to July 1, 1990, the Province of British Columbia through the Ministry of Education was billed for the employers' contributions in respect of members employed by School Districts. Effective July 1, 1990, school districts paid the employer contributions directly to the Teachers' Pensions Fund.

(c) Retirement Benefits

Members are eligible for an unreduced pension benefit if retirement is at age 65, at age 55 with a minimum of 35 years contributory service, or at age 60 with a minimum of 10 years contributory service. Reduced pensions are available at age 55 with a minimum of 10 years contributory service or if retiring at age 60 with less than 10 years contributory service.

The plan provides a pension of 2% of the highest 5-year average annual salary of a member for each year of pensionable service to a maximum of 35 years. At age 65, or date of death or disability, if earlier, there is a reduction in the formula as a result of integration with the Canada Pension Plan.

The inflation adjustment supplements are provided each January 1st and are related to the annual increase in the Consumer Price Index (CPI) as at the previous September 30th. The increase is pro-rated if the capitalized value of the increases exceeds the funds available in the Inflation Adjustment Account. As there were sufficient funds available at January 1, 1990, a full CPI increase of 5.2% (1989 — 4.1%) was provided to the basic lifetime portion of the contributory superannuation allowances in force. Sufficient funds were also available to provide a full CPI increase of 4.2% effective January 1, 1991.

(d) Termination and Portability Benefits

A terminating member may choose between leaving accumulated contributions on deposit or obtaining a refund. The refund includes interest credited. Members with at least 10 years of contributory service who leave contributions in the Fund are entitled to deferred pension benefits. Those members not withdrawing contributions may carry certain pension rights to other pension plans that have portability arrangements with the Teachers' Pension Plan. New members may also, under portability arrangements, transfer contributions and service from other plans to provide increased pension benefits under the Teachers' Pension Plan.

(e) Other Benefits

Disability and survivor benefits are available under the plan.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) General Information

These financial statements have been prepared on the accrual basis of accounting. They show only the financial position of the Fund as at December 31, 1990 and the changes in Fund balance for the year then ended and do not purport to show the adequacy of the Fund to meet the obligations of the pension plan. The results of the latest actuarial valuation of the plan are described in Note 8 below.

(b) Investments

Investments are shown at their quoted market value as at the year end.

(c) Recognition of investment transactions

(i) Investment purchases and sales are accounted for on the trade-date basis.
(ii) Discounts and premiums are amortized on a constant yield basis over the terms of the investments.
(iii) Realized gains and losses are calculated using adjusted cost and are recognized in the year of disposal. Adjusted cost is the average cost of acquisition adjusted by the amortization of discounts and premiums for long-term investments and by income attributed for units.
(iv) The unrealized appreciation or depreciation is the change between the current year's difference between the adjusted cost and market value of investments and last year's difference.

3. CHANGES IN ACCOUNTING POLICIES

Effective this fiscal year, investments are shown at their quoted market value and gains and losses are recognized as disclosed in note 2. In previous years, units in the Province of British Columbia Pooled Investment Portfolios were recorded at cost adjusted by income attributed to the units. Long-term investments were recorded at cost adjusted by the amortization of discounts and premiums on a constant yield basis over the remaining terms of the investments. Realized gains and losses on disposal of long-term investments were deferred and amortized on a straight line basis over the lesser of the remaining terms of the investments or twenty years.

These new accounting policies have been applied retroactively in these financial statements and the prior years' results have been restated. The effect of these changes has been as follows:

(a) Income from Investments: Increase (decrease)

	$ Thousands
1988 and prior years	(49,656)
1989	27,606
1990	(28,561)

(b) Fund balance at beginning of the year:

	1990	1989
	($ Thousands)	
Fund balance at beginning of year, as previously reported	2,850,548	2,510,263
Adjustments for the effect of the changes in accounting policies		
— change to market valuation of investments	(16,549)	(42,761)
— change in timing of recognition of realized gains and losses	(5,501)	(6,895)
	(22,050)	(49,656)
Fund balance at beginning of year, as restated	2,828,498	2,460,607

4. INVESTMENTS

	1990		1989	
	Market Value	Adjusted Cost	Market Value	Adjusted Cost
	($ Thousands)			
Units in Province of British Columbia Pooled Investments				
Short-term funds	995,165	992,285	891,396	891,828
Canadian Equity Index Fund	287,047	293,069	—	—
Active Canadian Equity Fund	190,617	192,045	—	—
Long-term bonds	1,681,449	1,707,831	1,865,249	1,881,366
	3,154,278	3,185,230	2,756,645	2,773,194

5. INCOME FROM INVESTMENTS

	1990			1989
	Basic Account	Inflation Adjustment Account	Total	Total
	($ Thousands)			
Income from Units in Province of British Columbia Pooled Investments				
Short-term funds	113,438	9,948	123,386	100,836
Canadian Equity Index Fund	4,319	—	4,319	—
Active Canadian Equity Fund	7,045	—	7,045	—
Interest Income	162,626	17,613	180,239	173,318
Net realized (losses) gains during the year	(15,713)	(190)	(15,903)	308
	271,715	27,371	299,086	274,462

6. EARLY RETIREMENT PLAN

An amendment to the *Pension (Teachers) Act* in 1988 provided a "55 and Out" Early Retirement Plan for eligible teachers who retired during the period from April 1, 1987, to June 30, 1989.

The "55 and Out" Early Retirement Plan provided an incentive for teachers between the ages of 55 and 60 to retire early by removing the pension reduction of 5% for each year of early retirement under age 60. The Province, on behalf of school districts, and the British Columbia Teachers Federation have agreed to pay amounts to the Fund to offset the cost of this plan provision. The amounts paid each year will be the greater of the salary savings resulting from replacing the retiring teacher with a teacher paid at a lower salary or a fixed schedule of actuarially determined payments until such time as the full amount has been paid. For the year ended December 31, 1990, $9,137,000 (1989 — $11,737,000) was due and received from the Province. No monies were due for the year ended December 31, 1990 (1989 - $84,000) from the Federation. An additional $8,240,834 (1989 — $16,091,000) will be paid by the Province in respect of teachers who have elected to participate in the plan.

7. ACCOUNT TRANSFERS

	1990		1989	
	Basic Account	Inflation Adjustment Account	Basic Account	Inflation Adjustment Account
	($ Thousands)			
Capitalized value of inflation adjustment supplements granted	65,772	(65,772)	47,253	(47,253)
Capitalized value of indexing of highest average salary on deferred pensions	792	(792)	980	(980)
Excess interest	(53,048)	53,048	(52,106)	52,106
Other	(5)	5	(23)	23
	13,511	(13,511)	(3,896)	3,896

The excess interest is the income that is earned on assets held in the Basic Account in respect of pensions being paid, and which is in excess of income calculated using the interest rate assumed by the Actuary.

8. ACTUARIAL VALUATION

According to the *Pension (Teachers) Act*, an actuarial valuation of the assets and liabilities of the Fund is required to be made by an Actuary at intervals of not more than five years. The most recent valuation was carried out as at December 31, 1987 and indicated an unfunded liability of $1,605,045,000 in respect of basic pension benefits. This represented an increase of $212,929,000 since December 31, 1984, the date of the previous valuation, and arose mainly from interest charges on the unfunded liability.

The Actuary stated that he did not see the increase in the unfunded liability as a threat to the continued payment of pensions to current and prospective pensioners. He does, however, recommend that the statutory contribution rates be increased from their current maximum combined rate of 15.90% of total salaries to a maximum combined rate of 16.81% of total salaries. The contribution rates recommended by the Actuary were determined under the level contribution funding method. This method expresses employer contributions as a constant percentage of future payrolls that, together with future member contributions and investment earnings, will finance the benefits for a typical new entrant to the plan and, in addition, will maintain the unfunded liability as a constant percentage of future payrolls. To date the contribution rates have not been changed.

9. COMPARATIVE FIGURES

Certain 1989 figures have been reclassified in order to conform with the financial statement presentation adopted in 1990.

TEACHERS' PENSIONS FUND

SCHEDULE 1

LONG-TERM INVESTMENTS HELD AS AT DECEMBER 31, 1990

GOVERNMENT BONDS AND DEBENTURES	Par Value $	Adjusted Cost $	Market Value $
Government of Canada			
Government of Canada Bonds	685,753,000	684,478,682	687,754,250
Government of Canada Zero Interest Coupons	184,732,500	149,579,983	146,887,854
Government of Canada Guaranty			
Export Development Corporation	5,000,000	4,972,087	4,965,690
PetroCanada Ltd.	8,000,000	7,960,727	7,729,914
Federal Business Development Bank	6,425,000	6,425,570	6,579,297
Province of British Columbia	60,658,000	60,483,277	61,274,581
Province of British Columbia Guaranty			
B.C. Educational Institution Capital Financing Authority	3,747,000	3,741,631	3,796,063
B.C. Hydro and Power Authority Bonds	376,055,000	374,399,803	352,908,738
B.C. Hydro and Power Authority Zero Interest Coupons	2,175,000	1,888,205	1,851,372
B.C. Railway Company	78,965,000	78,815,482	72,015,788
B.C. School Districts Capital Financing Authority	7,000,000	6,990,345	7,176,848
B.C. Improvement Districts	320,000	320,000	268,678
B.C. Improvement Districts Serials	136,000	135,324	131,277
B.C. Irrigation Districts	123,000	123,000	103,273
Province of Alberta	16,400,000	16,338,572	16,273,608
Province of Alberta Guaranty			
Alberta Government Telephone	6,800,000	6,772,077	6,441,000
Alberta Municipal Finance Corporation	9,000,000	9,467,691	9,551,250
Province of Manitoba	19,000,000	18,951,881	18,815,625
Province of New Brunswick	3,500,000	3,500,072	3,696,875
Province of New Brunswick Guaranty			
New Brunswick Electric	4,000,000	4,006,976	4,045,000
Province of Nova Scotia	4,745,000	4,705,580	5,333,300
Province of Nova Scotia Guaranty			
Nova Scotia Power	8,794,000	8,800,848	8,820,832
Province of Ontario	6,500,000	6,464,250	6,483,750
Province of Ontario Guaranty			
Ontario Hydro	130,450,000	126,891,688	126,593,259
Province of Prince Edward Island	1,000,000	999,049	993,311
Province of Quebec			
Province of Quebec Bond	27,800,000	26,700,620	27,283,413
Province of Quebec Zero Interest Coupons	12,693,750	8,629,121	8,795,540
Province of Quebec Guaranty			
Quebec Hydro	11,250,000	10,642,642	10,311,875
Quebec Hydro Zero Interest Coupons	9,000,000	8,200,582	8,152,109
Province of Saskatchewan	64,678,000	64,295,733	64,265,840
TOTAL GOVERNMENT BONDS AND DEBENTURES	1,754,700,250	1,705,681,498	1,679,300,210
EQUITIES			
Canadian Equity Index Units	—	293,069,250	287,046,859
Active Canadian Equity Units	—	192,044,656	190,616,600
TOTAL EQUITIES	—	485,113,906	477,663,459
REAL ESTATE			
BG Preeco 5 Ltd. Shares	—	150,000	150,000
Penreal Property Units	—	2,000,000	2,000,000
TOTAL REAL ESTATE	—	2,150,000	2,150,000
1990 TOTALS	1,754,700,250	2,192,945,404	2,159,113,669
1989 Comparisons	1,905,213,500	1,881,366,489	1,865,248,899

TEACHERS' PENSIONS FUND

SCHEDULE 2

Investment Interest and Transactions

Comparative Statistics, January 1, 1981 to December 31, 1990

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
	%	%	%	%	%	%	%	%	%	%
Net earned rate of the fund	11.435	11.637	10.688	10.960	10.796	10.312	9.619	9.929	10.739	10.331
Average rate of return of long-term investments purchased in year	17.140	13.956	12.222	12.182	10.793	9.357	9.148	9.721	10.179	11.091
	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)	$ (000)
Income from Investments[1]	88,570	112,917	122,018	147,808	168,924	184,395	194,401	224,899	274,462	299,086
Unrealized (depreciation) appreciation during the year									26,212	(14,403)
									300,674	284,683
Long-term investment transactions										
Purchases (par value)	975	100,384	179,009	206,019	436,173	257,350	246,900	313,250	627,650	805,544
Maturities and sales (par value)	2,364	3,326	44,267	147,909	133,485	82,059	136,160	249,731	293,595	956,057
Net increase (decrease)	(1,389)	97,058	134,742	58,110	302,688	175,291	110,740	63,519	334,055	(150,513)
Short-term										
Increase (decrease)	158,832	121,234	71,725	188,775	(62,207)	48,993	128,534	201,759	(37,377)	103,768[2]
Fund balance	891,040	1,099,511	1,305,015	1,527,064	1,754,384	1,990,068	2,235,167	2,510,263	2,828,498	3,182,907

[1] Effective December 31, 1990, the Teachers' Pension Fund adopted the policy of recording investments at market value and recognizing the change between the current year's difference between the adjusted cost and market value of investments and last year's difference. The policy of deferring and amortizing realized losses adopted in 1982 was also discontinued in 1990. Only 1989 comparative figures have been restated to account for this change.

[2] Effective December 31, 1990, the increase or decrease of the short-term investments is at market value. Prior year's figures are increases or decreases on the adjusted cost basis.

TEACHERS' PENSIONS FUND

SCHEDULE 3

Main Comparative Statistics, January 1, 1981 to December 31, 1990

Fiscal Year	Number of Members at End of Fiscal Year	Contributions		Employer C.P.P. Abatements[4]	Member Refunds		Superannuation Allowances			
		Employers	Members		Number	Amount Refunded	Number Granted During Year	Deaths and Expirations During Year	Number in Force at End of Year	Amount Paid
		$	$	$		$				$
1981	31,906	80,138,571	57,640,823	7,891,353	1,661	6,759,399	415	95	5,444	33,523,860
	12,118[1]									16,597,325[2]
1982	30,907	95,196,529	68,690,937	8,889,829	1,267	5,172,036	515	94	5,865	56,081,883
	12,829[1]									5,904,777[3]
1983	30,618	94,539,769	67,957,959	9,196,841	1,054	4,413,054	508	104	6,269	61,703,636
	12,820[1]									11,721,720[3]
1984	29,609	96,258,176	69,066,718	10,052,592	983	5,443,274	683	112	6,840	69,641,139
	13,262[1]									14,929,314[3]
1985	29,419	93,810,561	67,343,692	10,718,354	963	5,912,274	615	126	7,329	77,675,258
	13,008[1]									17,578,693[3]
1986	27,177	94,368,953	67,815,750	11,639,505	840	5,922,423	511	158	7,682	84,908,372
	15,698[1]									20,705,925[3]
1987	30,899	98,724,908	71,111,047	12,786,093	709	5,755,386	689	160	8,211	93,053,986
	12,986[1]	2,939,114[5]								24,089,351[3]
1988	32,590	105,337,839	75,717,806	14,240,982	598	5,622,306	606	121	8,696	103,159,381
	12,841[1]	6,601,442[5]								28,187,462[3]
1989	35,146	120,947,344	87,130,251	16,858,721	532	4,676,792	798	136	9,358	113,936,129
	12,751[1]	11,820,826[5]								32,227,909[3]
1990	36,935	132,442,031	94,214,588	15,982,716	579	5,045,884	370	178	9,550	122,480,729
	13,436[1]	9,137,408[5]								37,850,810[3]

[1] In-active contributors.

[2] Cost of living supplements, effective July 1, 1974 to December 31, 1981; combined with basic pensions January 1, 1982. Financing by additional member and employer contributions commenced May 1, 1976 and terminated September 30, 1980.

[3] Inflation adjustment supplements, effective January 1, 1982. Financed by member and employer inflation adjustment account contributions effective October 1, 1980.

[4] Reimbursed by Minister of Finance and Corporate Relations commencing October 1, 1980.

[5] Received from the Minister of Finance and Corporate Relations in respect of the Teachers' Early Retirement Plan.

TEACHERS' PENSIONS FUND

SCHEDULE 4

Comparative Statistics, January 1, 1981 to December 31, 1990

Subdivided According to Sex of Contributor

Fiscal Year	Number of Members				Number of Refunds Granted		Superannuation Allowances					
							Number of Allowances Granted		Number of Deaths and Expirations		Number of Allowances in Force at End of Year	
	Male		Female		Male	Female	Male	Female	Male	Female	Male	Female
	Active	Inactive	Active	Inactive								
1981	14,634	3,113	17,272	9,005	458	1,203	202	213	29	66	2,183	3,261
1982	14,370	3,418	16,537	9,411	375	892	276	239	31	63	2,428	3,437
1983	14,264	3,297	16,354	9,523	333	721	262	246	14	90	2,676	3,593
1984	13,811	3,384	15,798	9,878	293	690	363	320	40	72	2,999	3,841
1985	13,548	3,349	15,871	9,659	323	640	325	290	40	86	3,284	4,045
1986	12,315	4,516	14,862	11,182	285	555	267	244	47	111	3,504	4,178
1987	13,405	3,471	17,494	9,515	263	446	376	313	46	114	3,834	4,377
1988	13,626	3,473	18,964	9,368	194	404	307	299	41	80	4,100	4,596
1989	14,058	3,487	21,088	9,264	190	342	419	379	61	75	4,458	4,900
1990	14,438	3,739	22,497	9,697	194	385	198	172	61	117	4,595	4,955

TEACHERS' PENSIONS FUND

SCHEDULE 5

Summary of Normal Allowances Granted During 1990

SUBDIVIDED BY YEARS OF SERVICE AND VALUE OF ALLOWANCE

Years of Service	Number of Allowances Granted	Average Salary During Last Five Years	Average Annual Allowance on Single Life Plan	Average Value of Allowance	Average Teachers' Share	Average Employer's Share
		$	$	$	$	$
Under 10 years	22	41,340	2,848	31,161	10,024	21,137
10–14	19	41,448	8,578	99,620	34,634	64,986
15–19	28	41,268	10,283	117,037	44,854	72,183
20–24	50	40,980	13,607	157,443	59,422	98,021
25–29	38	42,624	18,074	203,247	70,127	133,120
30–34	51	45,972	25,221	290,171	87,704	202,467
35–39	58	50,796	30,873	356,141	101,878	254,263
40 & over	—	—	—	—	—	—
AVERAGE OF NORMAL ALLOWANCES GRANTED DURING YEAR:						
25 (Service)	60 (Age)	44,412	18,609	213,606	68,119	145,487
TOTAL VALUE OF NORMAL ALLOWANCES GRANTED DURING YEAR:						
	266		4,875,452	55,964,741	17,847,240	38,117,501

SUBDIVIDED BY YEARS OF SERVICE AND AGE AT RETIREMENT

Years of Service	Age at Retirement											Total	Per Cent
	55	56	57	58	59	60	61	62	63	64	65 & Over		
Under 10	1	—	1	1	1	3	1	2	1	2	2	15	6
10–14	4	—	1	3	2	5	—	2	—	1	3	21	8
15–19	3	—	2	1	1	2	3	5	2	6	6	31	11
20–24	7	—	1	1	8	11	4	2	1	3	4	42	16
25–29	8	—	2	1	6	7	1	7	2	3	5	42	16
30–34	5	1	3	—	3	13	3	1	—	1	7	37	14
35–39	16	12	8	10	8	8	2	5	2	5	1	77	29
40 & over	—	—	—	—	—	—	—	—	—	—	1	1	—
Total	44	13	18	17	29	49	14	24	8	21	29	266	
Per cent	17	4	7	7	10	19	5	9	3	8	11		100

Allowances Other Than Normal Granted During 1990

Number of Allowances Granted	Death	Disability	Deferred
104	23	32	49

TEACHERS' PENSIONS FUND

SCHEDULE 6

Approved and Reciprocal Employers as at December 31, 1990

APPROVED EMPLOYERS

Section 11 (2) provides for the granting of a deferred allowance to a contributor who within three years of his last contribution to the Fund enters the employment of one or more of the following employers, remains in employment long enough to qualify for a monthly pension benefit and has at least 10 years combined contributory service under this plan and the pension plan of the approved employer —

	Effective Date
An employer to whom the *Teachers' Retirement Fund Act* (Alberta) applies	November 22, 1971
An employer to whom the *Teachers' Pensions Act* (Manitoba) applies	November 22, 1971
An employer to whom the *Teachers' Superannuation Act* (Ontario) applies	November 22, 1971
An employer to whom the *Teachers' Pensions Plan* (Quebec) applies	November 22, 1971
An employer to whom the *Teachers' Superannuation Fund Act* (Saskatchewan) applies	November 22, 1971
Acadia University (Nova Scotia)	July 1, 1973
British Columbia Hydro and Power Authority	October 30, 1968
Government of Canada	March 27, 1961
Concordia University (Quebec)	July 10, 1987
Simon Fraser University	April 1, 1966
University of British Columbia	March 27, 1961
University of Victoria	March 27, 1961

AGREEMENTS NEGOTIATED WITH OTHER EMPLOYERS

Section 11 (10) provides that the Commissioner may enter into an agreement for the transfer of funds in respect of an employee who transfers to or from the service of the following employers —

Government of Canada	June 22, 1973
An employer to whom the *Teachers' Retirement Fund Act* (Alberta) applies	October 3, 1974
An employer to whom the *Teachers' Pensions Act* (Manitoba) applies	October 3, 1974
An employer to whom the *Teachers' Superannuation Act* (Ontario) applies	October 3, 1974
An employer to whom the *Teachers' Pensions Plan* (Quebec) applies	October 3, 1974
An employer to whom the *Teachers' Superannuation Fund Act* (Saskatchewan) applies	October 3, 1974
C.A.R.R.A. (Quebec Pension Plans)	December 4, 1985
Coquitlam School District No. 43 (Non-teaching)	April 25, 1988
B.C. Hydro and Power Authority Pension Plan	January 15, 1990

RECIPROCAL EMPLOYERS

Section 12 (1) provides for the method of calculating the monthly pension benefit of an employee who within three years of making his last contribution to the Fund transfers to or from the service of the following British Columbia reciprocal employers and commences contributing to the pension plan —

An employer under the *Pension (Public Service) Act*	July 1, 1973
An employer under the *Pension (College) Act*	July 1, 1973
An employer under the *Pension (Municipal) Act*	July 1, 1973
Workers' Compensation Board	June 5, 1974

TEACHERS' PENSIONS FUND

SCHEDULE 7

Approved Long-Term Disability Salary Continuance Plans
as at December 31, 1990

Coverage under an approved long-term disability salary continuance plan is provided for employees or members of all school districts, the British Columbia Teachers' Federation, the British Columbia Principals' and Vice-Principals' Association, the Association of British Columbia School Superintendents and the British Columbia School District Secretary Treasurers' Association.

Vern A. Burkhardt
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